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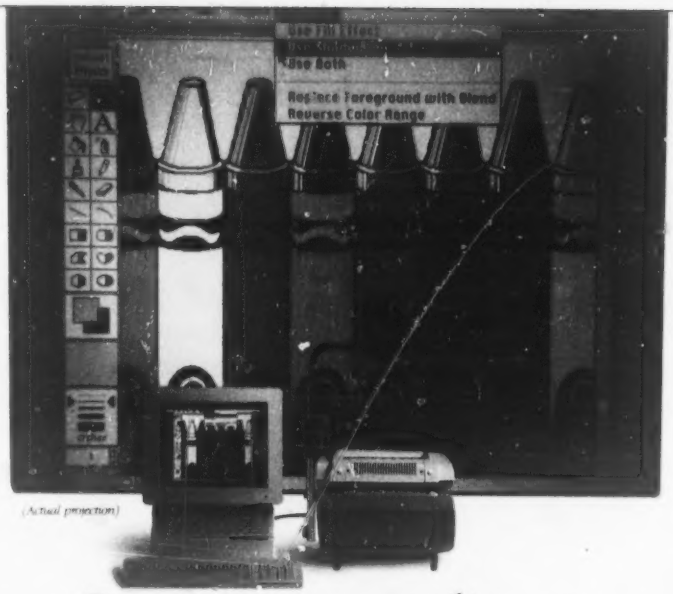

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SALES & MARKETING MANAGEMENT

COVER ILLUSTRATION BY GARY HALLGREN

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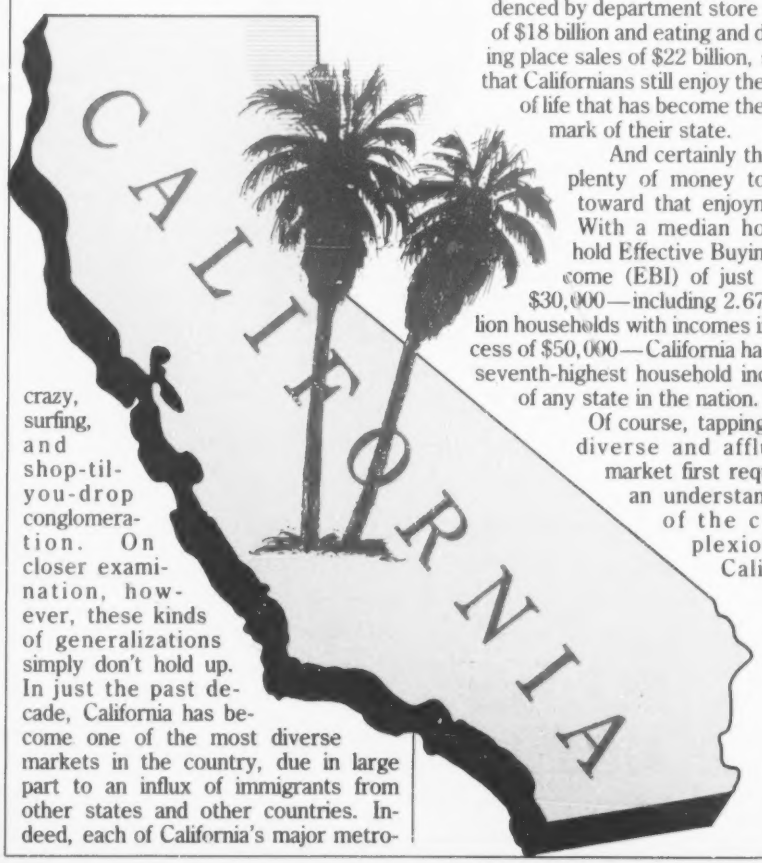
STATE OF THE STATES: CALIFORNIA

Sun, surf, and sand are still big in this biggest of all U.S. markets. But don't forget the state's myriad minorities.

BY PAT SEELIG

Glancing at a map of California, one can't help but be overwhelmed by the sheer size of what is perhaps the nation's most important market. In terms of population alone, California is awe-inspiring. With 28.5 million people, it's home to 8 of the nation's 35 largest markets, more than any other state in the U.S. by far.

To the uninitiated, it might be tempting to lump the entire California market into one crazy, surfing, and shop-til-you-drop conglomeration. On closer examination, however, these kinds of generalizations simply don't hold up. In just the past decade, California has become one of the most diverse markets in the country, due in large part to an influx of immigrants from other states and other countries. Indeed, each of California's major metropolitan areas is a demographic mix of whites, blacks, Asians, Hispanics, and dozens of other ethnic groups, including Greeks, French, Britons, Germans, and Australians.



CHRIS KOPE

Still, the changes this diversity has brought culturally haven't completely overshadowed the traditional California lifestyle, and most native sons and daughters of the Golden State—particularly baby boomers—continue to pursue an affluent existence based on enjoying the storied California climate to its fullest. The popularity of leisure goods and dining out, evidenced by department store sales of $18 billion and eating and drinking place sales of $22 billion, show that Californians still enjoy the kind of life that has become the hallmark of their state.

And certainly there's plenty of money to put toward that enjoyment. With a median household Effective Buying Income (EBI) of just over $30,000—including 2.67 million households with incomes in excess of $50,000—California has the seventh-highest household income of any state in the nation.

Of course, tapping this diverse and affluent market first requires an understanding of the complexion of California's eight major markets, since even though they share a number of similarities, each has its own identity and demographics.

Perhaps the easiest way to tackle California's diversity is to separate the state into North and South. Generally speaking, metros in Southern California are slightly more staid than their Northern California counterparts—particularly in the case of San Francisco. Befitting its image as the major port of California, the Bay Area tends to attract people who enjoy its open-minded attitude, while the Los Angeles basin is assuming a more conservative role due to a growing number of business executives and retirees attracted to its mild year-round climate.

Nevertheless, each of the major markets in both sections of California has its own image, and an in-depth look at these eight metros is essential before proceeding with any sort of sales or marketing program.

VITAL STATISTICS

POPULATION
Total: 28,549,300
Male: 14,074,500
Female: 14,474,800
Black: 2,217,200
Hispanic: 6,664,400
Median Age: 32.5
Households: 10,458,800

EFFECTIVE BUYING INCOME
Total: $426,174,001,000
Median Household: $30,088

RETAIL SALES
Total: $195,758,176,000
Per Household: $18,717
Apparel: $11,133,838,000
Automotive: $39,682,808,000
Drugstore: $8,453,214,000
Eating & Drinking: $22,450,720,000
Food: $38,857,996,000
General Merchandise: $20,339,497,000

BUYING POWER INDEX
12.8435

ANAHEIM-SANTA ANA

When most people talk about the typical Southern California lifestyle, they don't realize that they're actually describing Anaheim and the greater Orange County region.

Located between L.A. and San Diego, all the trappings of the carefree Southern California existence are alive and well in Orange County: the surfers hanging out at Laguna Beach and Newport Beach, the car-crazy baby boomers (and their sons and daughters) cruising with their convertible tops down through Costa Mesa and Santa Ana, and thousands of tourists flocking to Anaheim for fun-filled days at Disneyland and sports-filled afternoons at Anaheim Stadium.

Indeed, everything that is typically Southern Californian—except maybe Beverly Hills and the movie industry—is right here in Orange County. "We're an affluent area, and I like to think that we have it all," says Anson MacArthur, vice president of the Orange County Chamber of Commerce.

In this case, "having it all" means some of the most homogenized demographics in all of Southern California, with a population that is primarily white, upper middle class to rich, and typically married with children. Median household EBI is a healthy $37,096, and 700,000 of the area's 2.3 million residents are baby boomers. Children and teenagers comprise another 550,000 residents, making Orange County possibly the most desirable and easily reached market in all of Southern California.

Chamber of Commerce:
714-758-0222/714-541-5353
Convention & Visitors Bureau:
714-999-8999

Population: 2,273,700
Households: 808,200
Black: 30,300
Hispanic: 434,200
Median Age: 32.2
Total EBI: $38,034,414,000
Median Hshld. EBI: $37,096
Retail Sales: $17,860,987,000
Buying Power Index: 1.1313

Not surprisingly, Orange County leads the state in the consumption of fast food, with $1,004.37 per household going annually to the Golden Arches, the Colonel, and their ilk. In addition, department store sales here are $1.7 billion, and food store sales reach a whopping $3.5 billion. And for the "shop-til-you-drop" crowd, the South Coast Plaza matches Rodeo Drive boutique for boutique, providing high-priced ways for yuppies to dispose of their formidable disposable income.

"I think what's important about our growth is that we've grown differently than other parts of Southern California," says MacArthur. "We're twenty-nine little cities, each with an independent government, and we don't have a big, old downtown that controls or limits our growth. We've all grown together equally."

LOS ANGELES-LONG BEACH

To many, L.A. is the la-la land of Hollywood glitz and glamour represented by the television and movie industries and the richly textured mansions and stores in Beverly Hills and on Rodeo Drive. Others, however, see it as the impoverished world of "Born in East L.A." Hispanics, while some think of it as the home of nouveau riche Asians who have found a new (and very profitable) life in the United States.

According to Jack Kyser, chief economist for the Los Angeles Chamber of Commerce, L.A. is also something of an "Iowa by the Sea," where a strong middle class lives and works pretty much like everyone else in the country.

Kyser says that L.A. is fast becoming the business and financial center of Southern California, with a strong trade and import environment and a significant presence in the world financial market. Major banks such as Security Pacific place the L.A. market on a competitive level with its intrastate rival San Francisco in the ability to provide a full range of financial services to major corporations.

With all this growth, it's easy to forget that L.A.'s 8.7 million people already comprise the largest metro area in the United States, and therein lies the key to successfully tapping the resources of its $129 billion in EBI. "People don't realize just how big L.A. is," says Kyser. "There are more people here than in the entire state of New Jersey, and marketers aren't always ready for what they find here—particularly with our size and diversity. The complexion of this market can change dramatically within just a couple of blocks."

Because of this, any successful L.A. marketing effort must either cover the full scale of all the different demographic and ethnic groups, or target specific audiences—although that's not always easy to do. Kyser points out that while everyone knows that L.A. has the largest Hispanic population in the country—nearly 3 million people—lumping this group or any other ethnic group into one basket can be dangerous. For example, approaching the affluent Asian market can be tricky, since it is made up of strong Japanese, Chinese, Korean, and Vietnamese populations, each with distinctly different cultural roots. And although astute marketers might be aware of the cultural differences among different Asian and Hispanic groups, the L.A. market is a tough nut to crack because there are so many members of these various groups in the marketplace.

Chamber of Commerce:
213-629-0602/213-436-1251
Convention & Visitors Bureau:
213-624-7300/213-436-3645

Population: 8,704,700
Households: 3,162,100
Black: 1,126,700
Hispanic: 2,974,100
Median Age: 32.4
Total EBI: $129,522,222,000
Median Hshld. EBI: $29,561
Retail Sales: $59,291,182,000
Buying Power Index: 3.9019

Then there's L.A.'s affluent upper class, which tends to gravitate toward trends and status items. With a median household EBI of $29,561, L.A. has a lot of well-heeled individuals who make excellent customers, although they tend to be a bit flaky when it comes to brand loyalty. Not so with the Hispanic market, which Kyser describes as a "Leave It to Beaver" lifestyle in which the husband works and the wife stays home with the kids. "They're tremendously brand loyal," he says. "They really are a marketer's dream."

RIVERSIDE-SAN BERNARDINO

Tapping the resources of the rapidly growing Riverside-San Bernardino metro area requires something of a twofold strategy. Along with Fort Myers-Cape Coral, Fla., Riverside-San Bernardino is projected to be the second fastest-growing market in the nation over the next five years, thanks in

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Sex	Fresno MSA*	Calif.*	USA*
Male	49%	49%	49%
Female	51	51	51
Age			
18-24	11%	11%	11%
25-34	18	19	18
35-44	14	15	15
45-54	9	10	10
55-65	8	9	9
65+	11	11	13
Median Age	31.2	32.5	33.8

*S&MM 1989 Survey of Buying Power Represents percent of population

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large part to the continued influx of commuters fleeing the higher prices of neighboring Los Angeles and Orange counties. With a median household EBI of $27,135, this market offers considerable potential of its own, while at the same time remaining highly reflective of its big-city neighbors to the west.

In addition to its cosmopolitan connections, however, this market has another face southeast of San Bernardino in the Coachella Valley. The vast and booming tourism industry in the Palm Springs/Palm Desert region throws a joker in the deck by attracting more than 2 million visitors annually who leave behind approximately $268 million in area stores and restaurants.

Chamber of Commerce:
714-683-7100/714-885-7515
Convention & Visitors Bureau:
714-787-7950

Population: 2,287,700
Households: 816,100
Black: 121,900
Hispanic: 497,700
Median Age: 32.5
Total EBI: $29,506,910,000
Median Hshld. EBI: $27,135
Retail Sales: $12,807,017,000
Buying Power Index: .9007

"It's still a seasonal economy in a lot of ways," says Andre Richards, development specialist with the Riverside Economic Development Bureau, "but the primary reason for our growth is our proximity to L.A. and Orange County. Both have a fairly high cost of living, and we've had a lot of people move here recently who commute back to L.A."

Looking only at the statistics, it's easy to misread this market. Riverside-San Bernardino's overall median age is 32.5 years, but the only reason it's so young is because of the cluster of commuters adjacent to Los Angeles County. Head south to Palm Springs and the median age rises dramatically to 47 years, with nearly half the city's residents over the age of 50. Most are snowbirds and retirees with a healthy disposable income, although there is still a significant year-round population to support the area's burgeoning tourism industry.

However, with the seasonal population spending more and staying less, the long-term growth of this market really lies with the cities of Riverside and San Bernardino. As it rapidly merges with Los Angeles, the area is beginning to attract major corporate offices that tend to relocate where the

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people are. This, in effect, creates a submetro area that has all the characteristics of a major metropolitan market, albeit one that is married to the fate of nearby Los Angeles.

SAN DIEGO

On paper, San Diego looks like the hottest thing since the California Gold Rush. A young, vibrant market that has grown at an overall rate of 27.9% since 1980, San Diego is the second largest metro area in California, with a population of nearly 2.4 million enjoying a median household EBI of $29,555.

Yet, a closer examination of the San Diego ledger indicates that although the city is a terrific market blessed with wonderful weather and an excellent harbor, there are some chinks in the armor that have to be considered when staging any sort of marketing or sales effort.

First and foremost is the local reaction to the "Los Angelesation" of San Diego. "There are a lot of San Diegans who are not natives," says Kelly Cunningham, research analyst for the San Diego Chamber of Commerce. "A lot of people came here from L.A. to escape the clutter and congestion. Now San Diego is beginning to look a lot like L.A., and a lot of people here want to put a stop to that growth."

Chamber of Commerce:
619-232-0124
Convention & Visitors Bureau:
619-232-3101

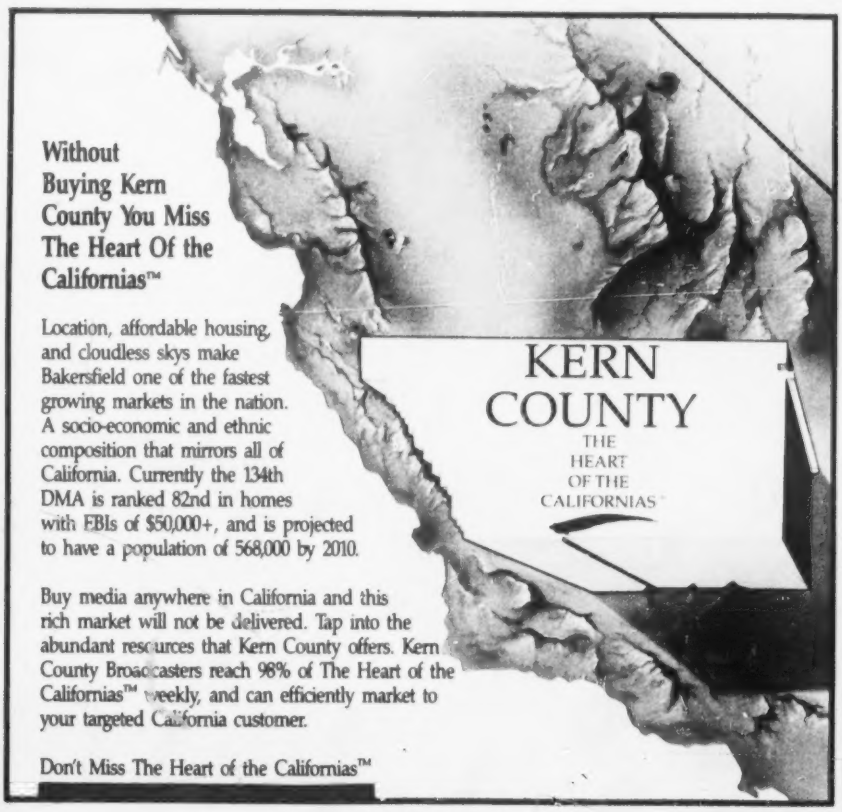
Population: 2,382,000
Households: 867,400
Black: 138,900
Hispanic: 425,700
Median Age: 31.5
Total EBI: $36,146,308,000
Median Hshld. EBI: $29,555
Retail Sales: $16,135,201,000
Buying Power Index: 1.0776

As a result, most of the seven major cities that comprise the San Diego metro area have issued significant restrictions on building permits. With housing at a premium, prices have skyrocketed to the point where the average home sells for $226,000, which places a heavy burden on a median household income that is just under the state average of $30,088.

And while the anti-growth movement may have put a crimp on future expansion, current conditions are putting a strain on a longtime San Diego staple—the U.S. military. Fully one-third of the area's population is connected to the military in some way, and it's no secret that the federal government is not overly generous with military salaries. "Housing prices are a real problem for them," says Cunningham. "The military is trying to provide housing, but there just isn't enough, and in some cases there's as much as a two-year wait."

With the discretionary spending power of one-third of the population restricted due to high housing costs and low salaries, the San Diego economy is attempting to diversify by attracting more hi-tech industry to complement existing defense-related companies like General Dynamics and Rohr industries. Still another countermove is the emergence of the Maquiladora industry. Spanish for "twin plants," Maquiladora companies have corporate offices in San Diego and manufacturing plants just across the border in Tijuana. The attraction here is that the goods manufactured in a Maquiladora are only taxed for the value added to the product in Mexico.

"This has become very popular," says Cunningham. "The Japanese, in particular, are interested in this type of setup. In fact, Sony recently opened a major plant in Mexico, and, overall, we see this as an excellent way to even out our economy."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OAKLAND

Situated just across the bay from San Francisco, Oakland might as well be across the country when it comes to comparing one market with the other. As Don Barber, president and CEO of the Oakland Chamber of Commerce, stresses, you really can't compare the two. "Oakland is an entirely different city," he says. "It's a blue-collar community that's lately grown into more of a retail center. San Francisco is impor-

tant to us, to be sure, but we're primarily a working man's town."

The statistics support Barber's views. Of the 2 million residents in the Oakland metro area, approximately 942,000 are in the prime working-age bracket of 18 to 45. And with a median household EBI of $34,640—which surprisingly is slightly higher than its neighbor across the bay—Oakland has plenty of available working-class bucks to spend.

SALES COSTS IN MAJOR CALIFORNIA METROS

METRO	—AVERAGE DAILY COST— 3 MEALS	LODGING	AUTO RENTAL	—TAX RATES— MEALS	LODGING
ANAHEIM-SANTA ANA	$34.00	$107.02	$42.25	6.0%	8.0%
LOS ANGELES-LONG BEACH	47.76	130.16	46.75	6.5	11.0
OAKLAND	39.27	108.77	43.25	7.0	10.0
RIVERSIDE-SAN BERNARDINO	24.31	130.39	43.33	6.0	8.0
SACRAMENTO	30.62	85.86	41.75	6.0	10.0
SAN DIEGO	35.29	120.67	39.00	6.0	7.0
SAN FRANCISCO	71.41	141.18	46.25	6.5	11.0
SAN JOSE	36.17	113.06	45.00	7.0	8.0
8-MARKET AVERAGE	**$39.85**	**$117.14**	**$43.45**	**N.A.**	**N.A.**

SOURCE: Sales & Marketing Management, *1990 Survey of Selling Costs.*

Barber points out that Oakland's working man's image is based on the fact that the city is a major distribution point for other West Coast markets. The Port of Oakland is the largest in California, and six major interstate highways converge on the city. "We're an important cog in the economy of the entire West Coast," says Barber. "Oakland has always been a major transportation center, but I also see it becoming more retail-oriented. We don't have many big-name outlets right now, but we're starting to develop our downtown area into a major retail center."

In the long run, Barber sees Oakland playing a greater role in the overall economy of the Bay Area. Office and housing costs are lower than those in San Francisco, and the Oakland Metropolitan International Airport may become an even more important connection to outside markets. "It's underutilized now," says Barber, "but we should be able to go just about anywhere in the future."

Chamber of Commerce: 415-451-7800
Convention & Visitors Bureau: 415-839-9000

Population: 2,009,100
Households: 778,100
Black: 315,700
Hispanic: 258,000
Median Age: 33.2
Total EBI: $34,406,510,000
Median Hshld. EBI: $34,640
Retail Sales: $14,699,893,000
Buying Power Index: .9928

SACRAMENTO

If you're looking for a blueprint of a typical state capital, look no further than Sacramento. About an hour east of San Francisco, Sacramento is decidedly separated from the City by the Bay in terms of culture, growth, and economy. Basically, just about everything revolves around the organization and operation of the state government.

"Approximately thirty percent of all incomes in Sacramento comes from government services," says John Roberts, executive director and CEO of the Sacramento Chamber of Commerce. "When you compare that with the fact that only seven percent comes from manufacturing, you'd have to say that we're pretty much a government town."

Which is actually good news when taking a long-term view of the Sacramento market. The metro area is projected to grow at a rate of 12.2% over the next five years, and Roberts predicts that this growth will continue as the state continues to grow. The more people, industries, and jobs that come to California, he says, the greater the need for government services.

The downside is that with so many jobs dependent on the public sector, the median household EBI here is only $28,430, the second-lowest among the state's eight major metros. On the other hand, layoffs are rare among state employees, so the cash flow remains fairly constant. Another plus is that the average home only costs $116,000, the lowest of all the California markets profiled here.

Chamber of Commerce: 916-443-3771
Convention & Visitors Bureau: 916-442-5542

Population: 1,398,200
Households: 543,400
Black: 84,300
Hispanic: 159,200
Median Age: 32.5
Total EBI: $20,327,101,000
Median Hshld. EBI: $28,430
Retail Sales: $9,525,096,000
Buying Power Index: .6190

Roberts stresses the fact that Sacramento is also beginning to emerge as an important medical services area, with several major hospitals and the UC-Davis medical school playing a major supporting role. "We have a number of HMOs headquartered here, and we're even doing some heart transplants," he says.

Obviously, medical facilities need doctors, and these residents comprise a large share of the 33,000 Sacramento households with EBIs in excess of $75,000. Overall, the Sacramento market presents a picture of relative stability, with an ethnic balance of whites, blacks, Hispanics, and Asians that mirrors virtually all other California markets.

SAN FRANCISCO

In spite of the fact that Los Angeles's expansion has pushed it ahead of San Francisco in terms of economic development and population growth, the serene City by the Bay still maintains its position as the most picturesque and cosmopolitan city in California—if not all the U.S.

Equally important, its highly concentrated and affluent population, with a median household EBI of $34,227,

makes it a reasonably easy market to penetrate—once you get the hang of the rules.

In a nutshell, these rules are 1) never underestimate the Bay Area consumer, and 2) remember that San Francisco has the highest concentration of Asians of any U.S. market. "Asians make up just slightly less than half the population of this city," says Allen Rosenberg, a research and information officer with the San Francisco Chamber of Commerce. "They've basically reshaped the face of San Francisco."

Still, the perception of San Francisco being sold to the Asians is not entirely accurate when it comes to approaching this market. There are still a number of locally owned service companies, ranging from major advertising agencies to mom-and-pop print shops. "But," says Rosenberg, "the biggest problem for them is finding cost-efficient locations."

Equally important is the fact that two of the nation's largest banks, Bank of America and Wells Fargo, are headquartered in San Francisco, which gives the city significant financial clout—both in financing local business ventures and luring Asian capital to the Bay Area.

To be sure, this all adds up to a highly affluent market, but one should bear in mind that San Francisco is also one of the most expensive cities in the nation. Housing prices average around $270,000, and it's not unusual to shell out $400,000 or more for a nice home. "You have to have money to buy a house here, and only about ten percent of the population can really afford it," says Rosenberg. "At least two-thirds of the people here are renters, and you can get yourself a nice place for $700 to $1,000 a month."

This glut of renters does free up some of the disposable dollars of two-income families who have opted for an urban lifestyle that can only be matched by the conspicuous consumption of Manhattanites. With more than 212,000 households with EBIs of $50,000 or more, there is more than enough de-

Chamber of Commerce:
415-392-4511
Convention & Visitors Bureau:
415-974-6900

Population: 1,605,500
Households: 675,400
Black: 134,300
Hispanic: 215,200
Median Age: 35.6
Total EBI: $31,215,734,000
Median Hshld. EBI: $34,227
Retail Sales: $15,811,806,000
Buying Power Index: .9286

MAJOR CALIFORNIA INDUSTRIES

According to county-level Standard Industrial Classification (SIC) data provided to S&MM by Dun's Marketing Services, a total of 25 industries in five different California counties generated more than $2 billion apiece in shipments or receipts in 1988.

In addition to these major money-makers, there were 14 industries (all located in just two California counties) that accounted for more than 20% of the total U.S. output in their particular 4-digit SIC category. The first list shows the 25 "two-billion-dollar-plus" industries by county, along with their corresponding shipments/receipts dollar totals. Following that are the 14 industries with county concentrations of 20% or more, showing their home counties and a "% of all U.S. shipments/receipts" figure.

TWO-BILLION-DOLLAR INDUSTRIES BY COUNTY

COUNTY	SIC	INDUSTRY	SHIP/RECPT. ($ BIL.)
Contra Costa	2911	Petroleum refining	$4.029
Los Angeles	2911	Petroleum refining	$7.808
	3663	Radio & TV communication equip.	5.589
	3711	Motor vehicles & car bodies	2.731
	3721	Aircraft manufacturing	3.080
	3812	Search & navigation equip.	3.055
	6021	National commercial banks	3.165
	6022	State commercial banks	2.493
	6531	Real estate agents & managers	2.683
	7389	Business services, n.e.c.	2.858
	7812	Motion picture & video production	5.597
	8011	Medical doctors' offices	2.663
	8062	Gen. medical & surgical hospitals	8.328
	8111	Legal services	3.496
	8211	Elementary & secondary schools	5.919
	8221	Colleges & universities	2.634
San Diego	3721	Aircraft manufacturing	$2.035
	3761	Guided missiles & space vehicles	2.414
San Francisco	4813	Telephone communications	$2.611
	4931	Electric & other services	2.329
	6021	National commercial banks	3.758
Santa Clara	3571	Electronic computers	$4.851
	3674	Semiconductors & related devices	3.260
	3711	Motor vehicles & car bodies	2.166
	3761	Guided missiles & space vehicles	3.012

COUNTY-LEVEL CONCENTRATIONS OF 20% OR MORE

SIC	INDUSTRY	COUNTY	% OF U.S. SHIP/RECPT.
3369	Nonferrous foundries	Los Angeles	31.3%
3571	Electronic computers	Santa Clara	22.8
3572	Computer storage devices	Santa Clara	22.0
3663	Radio & TV communication equip.	Los Angeles	25.3
3671	Electron tubes	Santa Clara	26.9
3674	Semiconductors & related devices	Santa Clara	23.5
3761	Guided missiles & space vehicles	Santa Clara	23.8
3764	Space vehicle propulsion units	Los Angeles	32.7
3843	Dental equipment & supplies	Los Angeles	20.1
4932	Gas & other services	Santa Clara	25.7
6732	Educational & charitable trusts	Los Angeles	28.0
7812	Motion picture & video production	Los Angeles	42.6
7819	Motion picture production services	Los Angeles	44.9
7822	Motion picture & videotape dist.	Los Angeles	27.8

SOURCE: Dun's Marketing Services; *1989 Business Statistics Report.*

mand for fine cuisine and luxury goods: Approximately $2.3 billion is spent on dining out (forget fast food; with only $491 million in sales, it's barely a blip on the spending charts), while another $1.4 billion is spent in metro-area department stores.

SAN JOSE

The popular conception of San Jose as the nation's "Hi-Tech World," filled with highly paid executives, managers, and technical wizards, is one of those rare images of a region that rings as true as a bell. "It's the Silicon Valley all right," says Pauline Mullard, associate director of economic development for the San Jose Chamber of Commerce. "Of course, we do have other things, but just about everything here is related to hi-tech in some way."

And the hi-tech industry has obviously been very, very good to the greater San Jose area. The statistics alone are overwhelming. At 40.2%, this metro area has the highest percentage of households in the state with incomes in excess of $50,000, and the median household EBI is a whopping $41,717—the highest of any metro in the U.S. In addition, 74,800 households earn more than $75,000 annually, making the valley south of San Francisco a virtual hotbed of disposable income.

Equally important, according to Mullard, is the fact that even the low-end manufacturing and service workers command high incomes, simply because the hi-tech industry has to keep salaries up to maintain a stable work force. With metro-area unemployment at 3.2%, job hopping for big bucks is a way of life for Silicon Valley workers, and with the stakes so high, who can blame them?

Nonetheless, high-end and low-end wage earners still love to shop, and the valley has tons of major retail centers to cater to their every whim. "We have a lot of malls with stores like Macy's, Bloomingdale's, and other big names," says Mullard. And valley residents are not afraid to spend their cash, with department store sales reaching more than $1.2 billion, which works out to $900.28 per year for every man, woman, and child who together make up the area's 1.4 million residents. Housing, as you might expect, is relatively high, $250,000 for an average home, but this is not too far out of line when compared with other major California markets. □

Pat Seelig is a Dallas-based freelance writer who regularly covers such topics as sales management, marketing, and golf.

CALIFORNIA GROWTH STATISTICS

	TOTAL POPULATION	TOTAL HOUSEHOLDS	TOTAL EBI ($000)	AVERAGE HSHLD. EBI	TOTAL RETAIL SALES ($000)
1970:	20,225,300	6,677,500	$75,858,930	$11,360	$39,334,092
1980:	23,979,800	8,814,200	$216,459,459	$24,558	$108,154,389
1988:	28,549,300	10,458,800	$426,174,001	$40,748	$195,758,176
1993:	31,331,500	11,543,300	$648,531,602	$56,183	$301,002,842

SOURCE: Sales & Marketing Management; 1971, 1981, and 1989 Surveys of Buying Power, Parts I & II.

Chamber of Commerce:
408-998-7000
Convention & Visitors Bureau:
408-295-9600

Population: 1,437,400
Households: 508,900
Black: 50,700
Hispanic: 299,100
Median Age: 31.7
Total EBI: $26,185,653,000
Median Hshld. EBI: $41,717
Retail Sales: $11,385,889,000
Buying Power Index: .7518

AWARD-WINNING HOTELS AND RESTAURANTS

Since 1985, *Sales & Marketing Management* has handed out a total of 66 Business Executives' Dining Awards to the 21 California restaurants listed below. These awards are based on the votes of our readers, who selected these dining spots as their favorite places for entertaining customers in the Golden State.

In addition, S&MM's sister publication, *Successful Meetings*, offers its annual Pinnacle Award to outstanding hotels and meeting facilities, with a total of 19 California hotels receiving this prestigious designation since 1985.

RESTAURANTS

Anthony's Star of the Sea: San Diego
Blue Fox: San Francisco
Las Brisas: Laguna Beach
The Chart House: San Diego
Chasen's: Los Angeles
Chez Panisse: Berkeley
Cliff House: San Francisco
The Crab Cooker: Newport Beach
Empress of China: San Francisco
L'Ermitage: Los Angeles
Ernie's: San Francisco
Five Crowns: Corona del Mar
Fournou's Ovens: San Francisco
Lawry's Prime Rib: Beverly Hills
Ondine: Sausalito
Sardine Factory: Monterey
Scandia: Los Angeles
Scoma's: San Francisco
Spago: Los Angeles
Spinnaker: Sausalito
Tadich Grill: San Francisco

HOTELS

Anaheim Hilton & Towers: Anaheim
Disneyland Hotel: Anaheim
Fairmont Hotel & Towers: San Francisco
Hotel Del Coronado: Coronado
Hyatt Regency Oakland: Oakland
Hyatt Regency San Francisco: San Francisco
The Inn at Spanish Bay: Pebble Beach
Inter-Continental: San Diego
The Lodge at Pebble Beach: Pebble Beach
Marriott Anaheim: Anaheim
Marriott's Desert Springs Resort: Palm Desert
Marriott's Rancho Las Palmas Resort: Rancho Mirage
Rancho Bernardo Inn: San Diego
Ritz Carlton Laguna Niguel: Laguna Niguel
Sheraton Harbor Island: San Diego
Silverado Resort & Country Club: Napa
Westin Bonaventure: Los Angeles
Westin Century Plaza: Century City
Westin St. Francis: San Francisco

SHOW AND TELL THAT SELLS

A growing new breed of software lets you make sales presentations that really come alive.

BY THAYER C. TAYLOR,
SENIOR EDITOR

Packing her briefcase for the evening commute from her New York City sales office, Elaine Hanson, sales manager of 3Com's Advanced Networking Consulting Group, got the telephone call she'd been awaiting for months—an OK by a major international bank to make a sales presentation to their top management of her company's LAN (local area network) systems. However, she had to make the presentation the next day at 3 p.m. She quickly E-mailed Mountain View, Cal., headquarters: "I need a high-level sales presentation for international bank executives.

"Because of the short time frame," she recalls, "I figured if someone else had already done something similar, I could start from there." When Hanson received the script for a standard "no frills" presentation at noon the next day via E-mail, she keyed it into her desktop computer, used PowerPoint software (Microsoft) to dress it up with slides, and customized the content "to address issues I knew were on the bank's mind." By 2 p.m., she was primed for her presentation.

■ Timothy P. Byrne, key account manager in Procter & Gamble's Boston office, was in the midst of a sales presentation on how a new P&G product would deliver more profit per cubic foot of shelf space than competitor versions when the skeptical chain buyer asked, "What's your proof?" Byrne punched a couple of keys on his laptop, and the resident Harvard Graphics program (Software Publishing) triggered a display of color-accented statistics, planograms, bar graphs, and pie charts that highlighted the supporting data. "It's a lot easier and more convincing with the PC than having to poke through a briefcase full of computer printouts," Byrne says.

■ Jack Butler, president of Butler Graphics, a Troy, Mich., presentations consultant, dazzled the state's chapter of the Automobile Association of America with a glitzy sales presentation built around MacroMind Director (MacroMind), complete with 3-D images, moving charts, and background music, which showed how a desktop publishing system automates the steps involved in producing newsletters, bulletins, and such. Dramatic contrasts between the club's current, complex manual system and the simplification of desktop publishing resulted, Butler claims, in "a $200,000 order on the spot."

■ When the Merck Division of Merck Sharp & Dohme recently outfitted its salespeople with laptops, it installed proprietary presentation software for displaying technical information to physicians and health economics information to pharmacists and hospital administrators. The electronic presentations, says Jerome C. Keller, MS&D's sales vice president, "enable the salesperson to carry tremendous volumes of information, technical product data, and reprints of medical articles in a convenient package and in an easily accessible format."

These are a few of the ways the ubiquitous PC and a new breed of presentation software are dramatically changing salespeople's visual sales presentations. Besides helping the salesperson prepare presentations more conveniently, the PC often doubles as the presentation medium.

True, the trend to jazzed-up PC-

MICHEL TCHEREVKOFF

based sales presentations is just beginning. Richard Cryer, head of the Comtec division of the Gartner Group, a Stamford, Conn., market researcher, says his firm's 1989 annual census of PC usage found that business presentation software, which includes sales presentations, accounts for only 3.9% (1.5 million units) of all software installed by industry.

However, a convergence of technological advances will bring about more sales presentations hatched on PCs. "All of the pieces are coming together," says William Coggshall, president of Desktop Presentations, a Mountain View, Cal., market research firm, "including presentation software that's more versatile and easier to use; greater availability of color monitors and printers; and PCs with faster speeds and bigger memories—an important factor because graphics are much more space-hungry than text."

The catalyst for do-it-yourself sales presentations is the breed of software that made its debut three years ago. It handles all the facets of creating presentations: It displays outlines and speaker's notes, analyzes data that are the basis for graphs and charts, suggests colors and formats, and selects output media—whether 35mm slides, overhead transparencies, or printed handouts. Depending on the range of functions you want, the cost of such software, according to *Sales & Marketing Management*'s "Directory of PC-Based Sales and Marketing Applications Software" (December 1989), ranges from $69 to $3,900 per package.

What this new software does for salespeople is spelled out by International Data Corp. analyst Joan-Carol Brigham: "The mystique that used to surround a good presentation, of making your point more quickly and dramatically, is now a much more organized activity. Traditional business graphics software has graduated into much more sophisticated business presentation software."

Certainly, the innovative salespeople who have latched onto computerized presentations are convinced their pioneering brings dividends. More effective control of the presentation, greater flexibility in making last-minute changes, more freedom in the use of different output media, better interaction with—and stronger impact on—the viewers, are some of the payoffs cited.

Substantial dollar savings are racked up, too. At Questar, a Salt Lake City holding company embracing nine corporations, supervisor of training design Rick Graham—whose department prepares sales presentation materials—reports that a $45,000 investment in Pansophic hardware and software "paid off in just three years, instead of the targeted five, because it automated almost everything in the preparation and production of 35mm slides. And the cost per slide was cut from $39 to $3.50."

A primary benefit of the new software is the greater control the salesperson has in both the preparation and presentation phases. "The problem with conventional slide or overhead presentations," observes Katherine Nunes, marketing manager of A/V markets for Apple Computer, Cupertino, Cal., "is that you follow the sequence you've laid out. But people don't think in linear fashion, so when they raise a question, the presenter tells them to 'hold your questions until the end.' With the computer, you push the right button and automatically go to that part the questioner is referring to."

FLEXIBILITY MEANS CUSTOMIZATION

When salespeople create presentations on PCs, they can tailor their visuals to individual customers or prospects. Wayne E. Porter, director of financial planning at Financial Data Planning in Miami, which prepares sales presentations for insurance companies, notes that the new software frees the salesperson from "the tyranny of averages. Instead of citing average family size or age group when demonstrating the benefits of an insurance plan," he explains, "we build Graphics Gallery [Hewlett-Packard] into our packages so the salesperson keys in such variables as the prospect's age, income, and number of children. The software generates the appropriate combination of graphics and text, making the proposal more meaningful."

Getting Down to Basics

A basic system for producing hard copy for presentations, suitable for small businesses or local sales offices of larger corporation, costs between $6,500 and $9,000, according to Paul Colen, president of Intertec Development, a hi-tech consulting firm. The components for such a system include: 1) microcomputer, from 512K to 1MB; 2) keyboard; 3) color graphics monitor; 4) hard disk, preferably 20 MB because graphic images require lots of memory; 5) laser printer, at least 8 pages minimum; 6) mouse or tablet; and 7) software.

A more advanced system for producing color slide shows costs between $9,000 and $20,000, according to Colen. Most of the components are the same as those in the basic system, with the hard disk needing at least 40MB because color requires even more memory. Components that take basic systems a step further: 8) LCD (liquid crystal display) panel used with 9) an overhead projector; 10) slide show; 11) color display; and 12) slide show disk.

Optional equipment could include a scanner (around $1,500) for capturing photographic images and color film recorder (around $2,500) for producing slides with higher resolution. Both systems are built around Macintosh computers because their graphics are superior to that of IBM PCs and compatibles.

One benefit: The salesperson has greater control of both preparation and presentation.

COURTESY OF APPLE COMPUTER INC.

Presentation software's do-it-yourself aspect gives the salesperson a lot more flexibility. Procter & Gamble's Timothy Byrne notes that "Many presentations are 'just in time,' prepared at the last minute. When I review a presentation on my PC and see something I don't like, or if I want to include a slide on a future product promotion I just learned about, I make the changes right there. I can do that up until the minute I leave the office."

Handouts, too, become a more persuasive leave-behind thanks to the PC. Although most presentation software can produce black-and-white handouts, Thomas J. Piwowar, president of Piwowar & Assoc., a Washington, D.C., meetings consultant, strives for greater impact. As he builds each presentation with Persuasion (Aldus), he dumps the slides into a "scrapbook" file. Using Aldus's desktop publishing software, PageMaker, he selects particular slides from the scrapbook for a handout, re-sizes them "so the graphic ones are bigger than the text ones," and writes new copy to emphasize certain points.

As PCs become a fixture in buyers' offices, alert salespeople are turning that to their advantage. For example, after preparing a presentation on her PC, Lili Bender, area account manager for Software Publishing, Corona del Mar, Cal., copies it onto a diskette. At the prospect's office, she inserts the floppy into a desktop's disk drive, types the word "show," and the presentation proceeds on its own. "This is very helpful," she notes, "when you don't want to lug equipment around on long trips or when you visit sensitive aerospace firms and government agencies that won't let you bring equipment on their premises."

CREATING TOTAL SYSTEMS

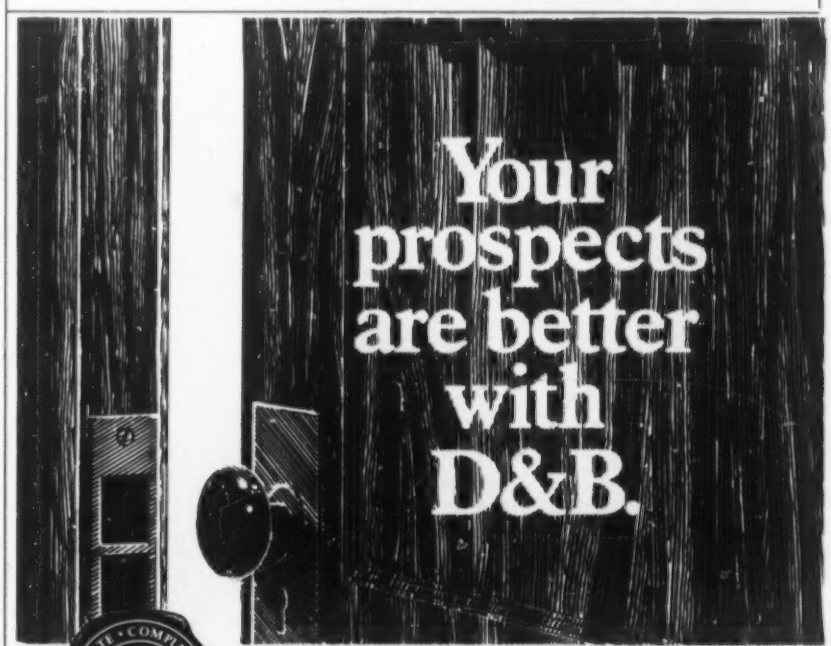
Not the least of presentation software's appeal is the ability to let the salesperson wed it to other software with minimum fuss. Alan Ventura, regional sales manager for *Computer Graphics World*, a Westford, Mass., business publication, cites "the sudden insight you have in the midst of preparing a presentation that you want to capture before forgetting it. If I'm using Freelance [Lotus Development], where I'm listing the points I want to make to a prospective advertiser, I may think of an analysis made earlier. Without leaving Freelance, I can switch to a Lotus 1-2-3 spreadsheet, which has all the demographic information I need, make some comparisons, highlight the numbers I want to use, return to where I had been in Freelance, and import the data comparison from 1-2-3 in the form of a bar graph or pie chart. This saves the time it takes to copy the numbers onto a worksheet and eliminates errors."

Computerization incubates cross-fertilization among salespeople crafting sales presentations. "Sharing information is a great plus," says James Page, marketing representative in IBM's St. Paul branch. "Accessing a database from my PC, I browse through presentations made by other representatives and incorporate the parts most suitable for my presentation. I eliminate a lot of the double work that used to take place."

The database can be as simple as an electronic library down the hall. Joseph Cillo, head of Presentation Arts, a San Rafael, Cal., company that develops sales presentations for clients, recalls that when he was vice president of business development for an investment management firm, he assembled 400 of the best images that had been used over time by their sales personnel and stored them on a PC's hard disk. "The salespeople would go into the computer, scan the images, and copy or modify the ones they wanted, cutting their preparation time considerably," he explains. "But we didn't want to stifle their creativity. They could still make up their own images."

Computerized communication networks enable salespeople in scattered

Computerization makes presenters pressed by tight time schedules more ingenious.



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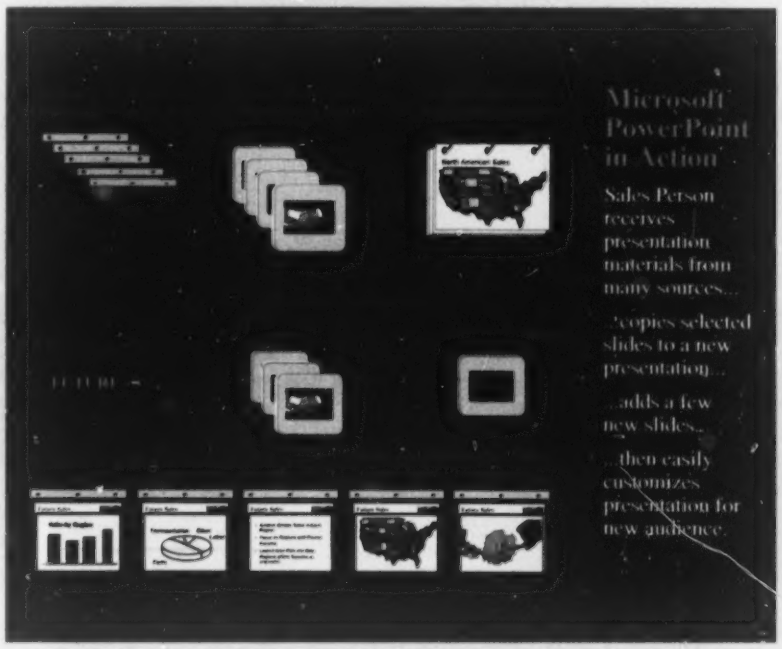
Simplifying the Preparation of Sales Presentations

Once source material is collected from different departments, PowerPoint (Microsoft) is used to copy selected slides for the presentation, adds those slides that have more current information, inserts the customer's logo to appear on each slide, and puts slides in the order of display in the presentation.


Microsoft PowerPoint in Action
Sales Person receives presentation materials from many sources...
...copies selected slides to a new presentation...
...adds a few new slides...
...then easily customizes presentation for new audience.

SOURCE: Microsoft Corp.

locations to draw on many company resources when preparing presentations. In his report, "Video and Graphics Presentation Systems," Paul Colen, head of Intertec Development, a Los Altos, Cal., consulting firm, predicts that "connectivity will become the centerpiece of the future presentation environment whereby the sales presenter will be linked to all resources within the corporation, such as graphic arts, A/V, and production personnel."

PROMISES OF THE FUTURE

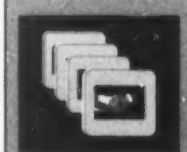
A forerunner of that future environment is in place at Digital Equipment Corp. (DEC), Maynard, Mass., whose sales presenters take advantage of the company's worldwide network, Easynet, that links every sales, marketing, and service person in over 400 sites in 35 countries. Tom Haas, a consultant in the sales support function at a DEC Application Center for Technology in Seattle, uses Easynet to tap into 17 databases when assembling information for customer presentations he makes in tandem with major account managers.

Because of the long sales cycle involved in selling computer systems, Haas may make several presentations before the decision-making stage is reached. "The initial presentation will use a standard set of slides on DEC's computing abilities," he says. "Subsequent presentations will be customized to what the account manager identifies as specific customer concerns, possible solutions, and variable approaches that can be taken."

To make it easier for sales representatives to tap Easynet's presentation aids, DEC is developing an on-line presentation library (OPAL). According to William McHale, electronics industry sales manager at DEC, OPAL gives representatives instant access to material regardless of its location and "gives them the ability to make on-line modifications to customize their presentations, taking advantage of such things as clip-art libraries." He claims that OPAL, unveiled about a year ago, has already slashed the time sales representatives devote to producing output media by 60%.

Computerization makes presenters more ingenious when pressed by tight time schedules. Darrell Parker, president of Parcom, a Southlake, Texas, manufacturers' representative

Computerized presentations: Explosive growth ahead



	1988 (THOUS. OF UNITS)	1993 (THOUS. OF UNITS)
Visuals		
Transparencies	180	886
Slides	136	339
Electronic	36	235
Software		
Charting	704	1,527
Animation	302	248*
Drawing/illustration	306	564
Paint/image	1,067	2,543
Electronic presentation systems	6	36
Video projectors	56	105
LCD projection pads	90	260
Color scanners	7	98

*Decline due to vendors bundling their software with hardware, making it more difficult to trace individual purchases.

SOURCE: Desktop Presentations

COURTESY OF MICROSOFT CORP.

firm, sells audio equipment to the broadcasting and recording industries in the Southwest. He recently wanted to demonstrate an engineering prototype of a West Coast principal's new microwave equipment at a broadcasters' convention. Unfortunately, the company had not prepared any marketing literature, which he needed to prepare a presentation.

Undaunted, the morning before the convention, Parker phoned a factory engineer who was to fly to his office later that day to help in the demo and got the technical details he needed. Using Tempest software (3M) that is bundled with the 3M overhead projector he uses, Parker prepared a set of transparencies. "When the engineer stepped off the plane," Parker recalls, "he was startled when I handed him the script I'd blocked out. Inside of an hour, we made the necessary corrections. The presentation produced two orders for us."

Old presentation standbys can be jazzed up by an infusion of computer technology. The major shortcomings of overhead transparencies, such as the need to physically replace sheets, making the presenter lose eye contact with the viewer, have been overcome by new LCD (liquid crystal display) projection panels. Attached to overhead projectors and connected to a PC, the panels throw images stored in a desktop or laptop onto a large screen.

Malcolm A. Kuhn, vice president of marketing and sales for In Focus, Tualatin, Ore., reports that 13% of his unit sales are to sales and marketing departments. One of his products, Memory Module, eliminates the need to bring a PC to the presentation. The product, which comes with remote control, packs a microprocesor equivalent to a PC/XT, Kuhn says, stores up to 120 computer images, and has special effects for transitioning from image to image. This means users only need to carry a diskette on calls.

An operations analyst at Union Carbide's Charleston, W. Va., distribution center, which recently purchased several In Focus systems, says they were attracted by "the ability to change what's on the screen without having to change transparencies. If you're displaying a bunch of numbers, you can change one, as in a spreadsheet, and immediately see how it affects all the other numbers."

Kuhn hopes to expand his market further by bringing out a desktop version in the near future. He says it will be "like an electronic flipchart that will be ideal for one-on-one sales presentations."

NEW IMAGES FOR NEW IMAGES

Marketers are now anxious to go beyond presentation software's static images. One of the first to exploit this interest was General Parametrics, with Video Show—a briefcase-size, disk-based unit that hooks onto a color monitor or TV set—and its related software, PictureIt, for creating graphic images. Up to 100 transitional effects that approximate animation between images, such as spirals, fades, and wipes, as well as 3-D images, together with up to 1,000 colors, create a dynamic effect.

Herbert Braskin, General Parametrics president, says Video Show fits in with today's tempo of "instant gratification. Fax and copier machines make salespeople want everything instantly. As a result, presenters are moving away from slow media, such as slides. With Video Show, the salesperson doesn't have to worry about the mechanics of handling fifty to sixty slides in a presentation."

One Video Show user, Dick Powell, manager of promotion and education at NCR Corp.'s customer education center in San Diego, prefers the electronic presentation system because "we use a lot of overlay-style visuals where we build up to a certain point. It's a lot easier with an electronic format when you don't have to change slides or transparencies all the time." ▶

Marketers are extending the PC's capabilities for more sophisticated applications.

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Their expectations raised, marketers are extending the PC's capabilities for more sophisticated applications. True animation that replaces static images is one goal.

"If you're trying to describe a process that has movement," says Bob Bruce, head of Media Lab, a visual arts company in Boulder, Colo., "the newer software, such as MacroMind's Director, shows movement in real time and freezes the animation at a critical point, which gets your concepts across much faster."

"We're experimenting with Demo Express [Pinnacle Software], which provides the animation of a video game," says Michael Palmer, field sales systems analyst with Honeywell MicroSwitch, Freeport, Ill. "This is very helpful for one of our products that uses photoelectric or light sources to determine the presence or absence of an object. Using animation, we show how the light beam detects an object. It's something the human eye can't see but that can be displayed on a computer screen."

A second area marketers are focusing on combines the computer with other media. In fact, multimedia is the hottest buzzword in the presentation arena today. "Sales presentations will increasingly look like TV commercials," explains Media Lab's Bob Bruce, "because of the limited amount of time available to make a selling point. Thus, you must stimulate as many of the senses as possible with your visuals." Adds John Scull, president of MacroMind, San Francisco, whose Director and Video Works software were two of the first to tap the multimedia trend: "Because third-generation PCs can orchestrate text, graphics, animation, audio, and video images, multimedia allows the salesperson to choose the communications component that best supports individual key points."

One portent of the full-blown desktop video that will be in the salesperson's tool kit in the future is System 3000 (Targa Systems). Attracting interest from the likes of IBM, Westinghouse, and Textron, the system uses a PC to construct and deliver programs that integrate all forms of information—photographic images, graphic arts, computer-based data, information graphics, and, for sound effects, computer-stored digital audio. The output can be delivered via a variety of vehicles—PC, videotape, videodisk, 35mm slides, laser printing, or desktop publishing.

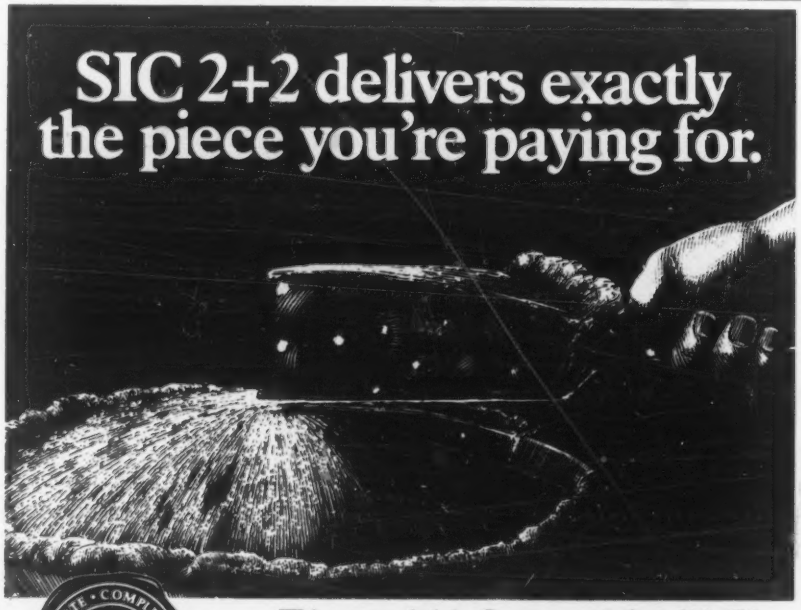
System 3000, naturally, carries a fancy price tag: $25,250 for hardware and software. However, Jamie Clayton, director of marketing communications for Targa, contends that "preparing a typical ten-minute video presentation using an outside firm costs anywhere from $15,000 to $40,000—for outside services, the rule of thumb is $2,000 per minute of finished video. Thus, our system pays for itself with the first two presentations."

It was inevitable that the omnivorous PC would sire sales presentations that don't require a salesperson. All of the Big Three automakers have combined the PC with interactive videodisks in a manner that suggests sales presentations without a presenter will become an effective pre-call tool. Recently, Fusion Media, New York City, created two diskettes that were distributed to home and business owners of PCs for Chrysler's Jeep-Eagle division. The floppies combined an electronic product brochure on the various models, a database of technical specifications and competitive comparisons, an interactive game that tested skills in driving a Jeep through an obstacle course, and a trivia game about eagles of all kinds—from those that fly to Eagle Scouts. Show Partner/FX software (Brightbill-Roberts & Co.) was used to drive the graphics, animated demos, and routines that Fusion created.

"The games were included to entertain as well as inform, and make the prospect use the diskettes more often," says Craig A. Mendel, president of Fusion Media. "The whole point being that the longer they're involved with the diskettes, the more opportunities you have to get your message across."

Getting the visual message across is a chore made for the PC. □

"Multimedia" is the buzzword in the presentation arena today.



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